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C O N F I D E N T I A L BUENOS AIRES 000593

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E.O. 12958: DECL: 05/19/2029  
TAGS: PGOV PREL ECON VZ AR  
SUBJECT: ARGENTINA: CRISTINA HOSTS HUGO CHAVEZ, BUT BEGS TO  
DIFFER ON OBAMA

REF: BUENOS AIRES 0091

Classified By: Ambassador E. Anthony Wayne for reasons 1.4 (b) & (d).

¶1. (C) Summary and introduction: Hugo Chavez paid a visit to Argentina May 15-16 to kick off a bilateral consultative process, sign some agreements, and see some sights near the Kirchners' home in El Calafate, Santa Cruz. During a 100-minute joint press conference, CFK denied she plans to sell any bonds to Venezuela, but Chavez said Venezuela remained disposed to buy Argentine debt. According to the press, the only divergence between the two was over President Obama, with CFK attempting to distance herself from Chavez's skepticism about President Obama's intentions, and his call on President Obama to show "respect" for Latin America and lift the "blockade" on Cuba. Chavez expressed support for the Kirchner government's slate of candidates in the June 28 congressional mid-term elections. End summary.

Chavez Comes to Visit

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¶2. (C) Argentine President Cristina Fernandez de Kirchner (CFK) received Venezuelan President Hugo Chavez for 80 minutes May 15 at Casa Rosada in fulfillment of their commitment to consult quarterly. After the meeting in CFK's Casa Rosada office, the two signed several agreements and held a 100-minute press conference. (Note: CFK's last solo press conference was August 2, 2008.) The official GOA news wire service Telam said the agreements covered "science and technology, trade, culture and industrial complementarity." A Bolivarian News Agency wire story reported the signing of: an agreement for the re-gasification in Argentina of liquid natural gas from Venezuela; an agreement between Venezuela's petroleum parastatal, PDVSA, and the Argentine GNC Galileo for a joint venture to manufacture compressors for vehicles; and an agreement between PDVSA and Fluviomar (an Argentine transportation company) calling for joint operations in the River Plate basin.

¶3. (C) During the press conference, CFK praised Chavez for calling elections more than once a year since taking office and thereby taking the pulse of his nation. Chavez repeatedly and sharply criticized Venezuelan media, and CFK nodded in agreement when he said, "Don't be surprised if the State takes a decision with some media which keep practicing terrorism." Chavez also expressed support for the candidacy of former president Nestor Kirchner in the June 28 congressional mid-term elections, although he said he did not want to meddle in internal affairs.

¶4. (C) As she has on previous occasions, CFK called for Mercosur to admit Venezuela as a full member promptly in order "to close the energy equation" in the region. The two leaders also spoke of the urgent need to capitalize the "Bank of the South." Chavez said it was urgent for South American

nations to create their own financial fund so they could help each other out in times of need. CFK denied she plans to sell any bonds to Venezuela, but Chavez said Venezuela remained disposed to buy Argentine debt.

CFK Stands Up for Obama

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¶ 15. (C) According to the press, the only point of divergence between the two leaders at the press conference was over President Obama. Chavez expressed skepticism about President Obama's intentions to change U.S. relations with the region, saying, "We have a lot of reasons to doubt there will be a real change," adding that "the proof is in the pudding." Chavez called on President Obama to show "respect" for Latin America, asking "What is Obama waiting for to lift the blockade on Cuba," after "all the countries of the Americas" had asked him at the Summit of the Americas to do so. CFK, however, said, "I think we can all agree it is clear that the Obama administration has absolutely nothing to do with the Bush administration." She also said, "I think that at the last meeting in Trinidad and Tobago -- and I think, Hugo, that you will agree with me -- it was a first approach by President Obama that was good, positive."

¶ 16. (U) Despite that exchange, some local media outlets thought the Chavez visit signaled a thaw in a relationship that had cooled in recent months, and at least one thought that it reflected growing Kirchner disappointment at the lack of attention from Washington. According to "La Nacion," although "Casa Rosada does not want to distance itself from the American president, the growing impression in Olivos (the presidential residence) is that (President Obama) will not be

so benign with Argentina as they imagined when he first took office. And in that Chavez agrees. Thus, the May 15 encounter sought to consolidate the alliance with Bolivarian socialism." However, in her appearance at a Microsoft seminar a few days before, CFK went out of her way to add remarks comparing her support for high-tech industries to the positions taken by President Obama, and after her remarks she walked directly to the Ambassador to express her good wishes for President Obama, among other topics.

Sightseeing in the Kirchner Backyard

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¶ 16. (U) After the press conference, Hugo Chavez, two daughters, and a large delegation flew to El Calafate, the tourist destination in southern Santa O/'Be:

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¶ 17. (C) Chavez makes little effort to conceal his efforts to sway Argentine voters. His visit repeats a familiar pattern in which the Venezuelan leader visits Buenos Aires in advance of elections to express support for the Kirchners. Chavez visited Buenos Aires in August 2007, a few months before the presidential election that swept CFK into the Casa Rosada. That visit coincided with the "valijagate" scandal in which a Venezuelan-American national was intercepted with an \$800,000 cash contribution intended for the CFK campaign. That scandal, and the ensuing prosecution of Venezuelans who tried to cover up the scandal while on U.S. territory, led to a serious crisis in our bilateral relationship.

¶ 18. (C) We're guessing that the Kirchners will be more careful this time, but wonder how their continued collaboration with the Bolivarian caudillo will play with the Argentine electorate this time around. Chavez used to be the most popular foreign leader in Argentina, which encouraged the Kirchners to play up their association with him. The valijagate scandal, falling oil prices, and other factors have diminished his appeal here, and today, Argentines' favorite foreign leaders are President Obama and Brazilian President Lula.

WAYNE